

# **Exhibit B**



**Wes Wadle**  
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April 2, 2015

**BY CERTIFIED MAIL**

Michael McGrath  
Director of Public Safety  
Department of Public Safety  
City Hall – Room 230  
601 Lakeside Ave.,  
Cleveland, Ohio 44114

**Re: License and Services Agreement between Xerox State & Local  
Solutions, Inc. and The City of Cleveland, Ohio, effective June 1,  
2013**

Dear Mr. McGrath:

The purpose of this letter is to notify the City of Cleveland of its default under the June 1, 2013 License and Services Agreement between Xerox State & Local Solutions, Inc. ("Xerox") and The City of Cleveland, Ohio (the "LSA").

On March 25, 2015, the City informed Xerox that it believes it does not owe Xerox payment under the LSA after November 4, 2014, when the City ordered Xerox to turn off the traffic cameras. This position is not correct. The LSA provides that the City shall pay Xerox as set forth in Exhibit 1 of the LSA. (LSA § 4.) And § E1.2 provides that the "City shall pay monthly fees to [Xerox] as set forth in the table below." These fees are based on the number of units the City has requested from Xerox.

The City appears to believe that the LSA no longer requires payment because the City has decided to discontinue using the cameras, and thus no longer raises revenue from their use. To begin with, under any contractual doctrine, the City's own actions in turning off the cameras cannot relieve it from performance. But even if the City's unilateral actions could somehow relieve its own performance, nothing impedes the City from paying Xerox under the LSA. Section E1.1 specifically contemplates that in the event the City's monthly revenues from the Traffic Enforcement Program are insufficient to cover Xerox's monthly fees, those fees are to be paid from any surpluses the City has gained under the Program in previous months. As § E1.1 unambiguously states: "The Parties understand and agree that when Program Revenues in any given month exceed, or have exceeded in previous months, the monthly base fee payment for any month ("Surplus"), then such Surplus shall be applied to any cumulative Shortfall due [Xerox] until all Shortfall amounts under this LSA are paid in full." (Emphasis added.)

The City has accumulated a large Surplus from the revenues it has generated under the Traffic Enforcement Program, and considerably more than is needed

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to continue paying Xerox's monthly fee under the LSA. Thus, § E1.1 cannot justify the City's nonpayment.

The City may terminate the contract for convenience—for a fee. But it has not done so. Thus, the City has no basis to discontinue its obligation to pay Xerox.

Because the City has informed Xerox that it does not plan to pay any invoices beyond November 4, 2014, the City has "fail[ed] to perform a material obligation under" the LSA—namely, its payment obligations under § 4. Accordingly, pursuant to § 6.1.1 of the LSA, Xerox hereby provides the City with written notice of the City's default.

Xerox requests that the City cure its default within thirty days of the City's receipt of this letter, as provided in § 6.1.1 of the LSA. Should the City fail to cure its default, Xerox will take any and all actions necessary to protect its interests.

Should you have any questions regarding this letter, or if you would like to discuss any issues related to the parties' relationship, please contact me at your earliest convenience.

Respectfully yours,

A handwritten signature in blue ink, appearing to read "Wes Wadle", with a stylized flourish at the end.

Wes Wadle

CC to Cleveland:

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Director of Finance  
Department of Finance  
City Hall – Room 104  
Cleveland, Ohio 44114

Jeffrey B. Marks  
Assistant Director of Law  
Department of Law  
601 Lakeside Avenue, Room 106  
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Administrator  
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Larry Jones

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City of Cleveland  
Department of Public Safety, Office of Information Technology  
601 Lakeside Avenue, Room 230  
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CC to Xerox:

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